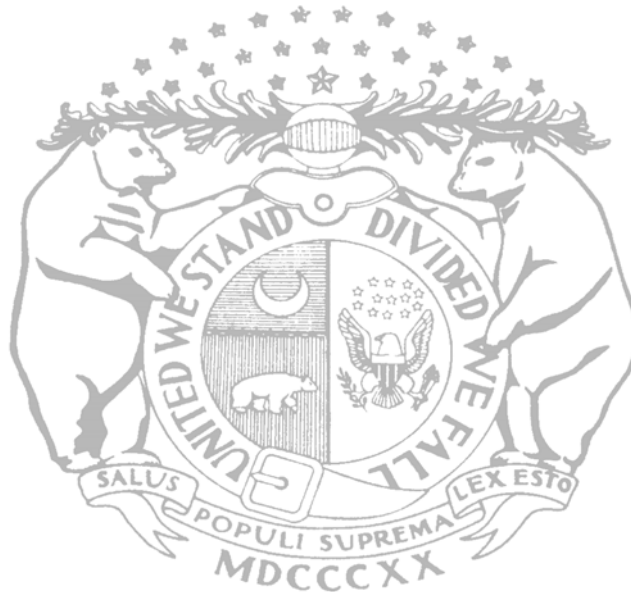


REPORT OF
FINANCIAL EXAMINATION

**GUARANTEE TITLE
INSURANCE COMPANY**
(Formerly known as The Bar Plan Title Insurance Company)

AS OF
December 31, 2002



STATE OF MISSOURI

DEPARTMENT OF INSURANCE

JEFFERSON CITY, MISSOURI

TABLE OF CONTENTS

<u>Subject</u>	<u>Page</u>
SALUTATION	1
SCOPE OF EXAMINATION.....	1
Period Covered.....	1
Procedures.....	2
Comments – Previous Examination.....	2
HISTORY	2
General.....	2
Capital Stock.....	3
Dividends.....	3
Management.....	3
Executive.....	4
Conflict of Interest.....	5
Corporate Records	5
Acquisitions, Mergers, and Major Corporate Events.....	6
Surplus Debentures.....	6
AFFILIATED COMPANIES	6
Holding Company, Subsidiaries and Affiliates	6
Organizational Chart.....	6
Intercompany Transactions.....	7
Administrative and Management Services Agreement.....	7
Risk Management and Marketing Services Agreement.....	8
Claim Services Agreement	8
Tax Allocation Agreement.....	8
FIDELITY BOND AND OTHER INSURANCE	9
PENSION, STOCK OWNERSHIP AND INSURANCE PLANS.....	9
STATUTORY DEPOSITS	10
Deposits with the State of Missouri.....	10
Deposits with Other States.....	10
INSURANCE PRODUCTS AND RELATED PRACTICES	10
Territory and Plan of Operations	10
Policy Forms & Underwriting; Advertising & Sales Material and Treatment of Policyholders.....	10
REINSURANCE.....	11
General.....	11
Assumed.....	11
Ceded	11
ACCOUNTS AND RECORDS	11

TABLE OF CONTENTS

<u>Subject</u>	<u>Page</u>
FINANCIAL STATEMENTS	12
Assets	13
Liabilities, Surplus and Other Funds	14
Statement of Income	15
Capital and Surplus Account	16
EXAMINATION CHANGES	17
NOTES TO FINANCIAL STATEMENTS	17
GENERAL COMMENTS AND/OR RECOMMENDATIONS	17
SUBSEQUENT EVENTS	17
ACKNOWLEDGMENT	18
VERIFICATION	18
SUPERVISION	18

May 28, 2004
St. Louis, Missouri

Honorable Alfred W. Gross, Commissioner
Bureau of Insurance
Commonwealth of Virginia
Chairperson, Financial Condition (E) Committee, NAIC

Honorable Sally McCarty, Commissioner
Indiana Department of Insurance
Secretary, Midwestern Zone, NAIC

Honorable Scott B. Lakin, Director
Missouri Department of Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Lady and Gentlemen:

In accordance with your financial examination warrant, a full scope association financial examination has been made of the records, affairs and financial condition of

GUARANTEE TITLE INSURANCE COMPANY

also referred to as the "Company." The Company's administrative office is at 1717 Hidden Creek Court, St. Louis, Missouri 63131, telephone number (314) 965-3333. This examination began on February 2, 2004, and concluded May 28, 2004.

SCOPE OF EXAMINATION

Period Covered

The prior full scope association financial examination of Guarantee Title Insurance Company was as of December 31, 1999, and was conducted by examiners from the state of Missouri, representing the Midwestern Zone of the National Association of Insurance Commissioners (NAIC).

The current full scope association financial examination covers the period from January 1, 2000, to December 31, 2002, and was conducted by examiners from the state of Missouri representing the Midwestern Zone of the NAIC.

This examination also included material transactions and/or events occurring after December 31, 2002.

Procedures

This examination was conducted using the guidelines set forth in the Financial Condition Examiners Handbook of the NAIC, except where practices, procedures and applicable regulations of the Missouri Department of Insurance and statutes of the state of Missouri prevailed.

The workpapers of the Company's independent auditors for 2002 were made available to the examiners. Standard examination procedures were modified as deemed appropriate under the circumstances.

Comments – Previous Examination

The previous examination report did not include any general comments and/or recommendations.

HISTORY

General

The Company incorporated in the state of Missouri on March 21, 1995. The Missouri Department of Insurance issued a Certificate of Authority to the Company on April 11, 1997 and the Company began writing business in June 1997.

On December 31, 2003, Reliant Holding Company purchased all the outstanding stock of the Company from TBP Holding Company, Inc. and changed the name from The Bar Plan Title Insurance Company to Guarantee Title Insurance Company.

Capital Stock

The Company is authorized to issue 1,500,000 shares of common stock with a par value of \$1.00. As of December 31, 2002, 750,00 shares were issued and outstanding.

Originally the Company issued 750,000 shares to TBP Holding Company, Inc. for \$1,500,000 resulting in common capital stock of \$750,000 and gross paid in and contributed surplus of \$750,000. In 1999, TBP Holding Company, Inc. contributed an additional \$500,000 to the Company's capital. The Company recorded net income earned prior to 1997 (the Company was not required to file an annual statement until 1997) as gross paid in and contributed surplus. As of December 31, 2002, common capital stock was \$750,000 and gross paid in and contributed surplus was \$1,260,069

Dividends

The Company has not declared or paid any dividends to sole stockholder.

Management

The Board of Directors consists of fifteen members duly elected at an annual meeting of the stockholders as authorized by the Company's Articles of Incorporation. The directors duly elected and serving as of December 31, 2002, were as follows:

<u>Name</u>	<u>Principal Occupation</u>
William H. Wyne, Jr., Chair Creve Coeur, MO	Wyne & Merritt
John W. Briscoe New London, MO	Briscoe & Mobley

<u>Name</u>	<u>Principal Occupation</u>
Richard J. Boardman St. Louis, MO	Attorney and Counselor
Thomas C. Conroy St. Louis, MO	The Bar Plan Group
Dwight D. Crader Sikeston, MO	Crader, Crader & Dolan
Kirk H. Doan Kansas City, MO	Morrison & Hecker, L.L.P.
Sherry L. Doctorian Jefferson City, MO	Armstrong, Teasdale L.L.P.
Thomas A. Federer St. Charles, MO	Federer, Federer, L.L.P.
Reed B. Kenagy III Steelville, MO	Attorney at Law
Walter R. Lamkin Chesterfield, MO	McCarthy, Leonard, Kaemmerer, Owen, Lamkin & McGovern L.L.C.
Karen R. McCarthy St. Louis, MO	The Bar Plan Group
Ronald E. Mitchell Joplin, MO	Blanchard, Robertson, Mitchell & Carter, P.C.
Scott E. Seitter Kansas City, MO	Levy & Craig, P.C.
Frank H. Strong, Jr. Maryville, MO	Strong, Strong & Prokes, P.C.
Ann Monaco Warren Jefferson City, MO	Inglish & Monaco, P.C.

Committees of the Board of Directors as of December 31, 2002, were as follows:

<u>Executive</u>	<u>Finance and Audit</u>	<u>Claims</u>
William H. Wyne Jr. *	Reed B. Kenagy *	John W. Briscoe *
Thomas C. Conroy	Karen R. McCarthy	Kirk H. Doan
Karen R. McCarthy	Scott E. Seitter	Walter R. Lamkin
Ronald E. Mitchell		Ann M. Warren

<u>Membership</u>	<u>Bar Relations</u>
Richard J. Boardman *	Ronald E. Mitchell *
Thomas A. Federer	Dwight D. Crader
Frank H. Strong, Jr.	Sherry L. Doctorian
* Committee Chair	

The officers elected and serving as of December 31, 2002, were as follows:

<u>Name</u>	<u>Office</u>
Thomas C. Conroy	President
Ronald E. Mitchell	Treasurer
Karen R. McCarthy	Secretary

Conflict of Interest

Conflict of Interest Disclosure Statements are executed annually by all directors and officers of the Company. A review of the statements for the years under examination did not disclose any material conflicts.

Corporate Records

A review was made of the Articles of Incorporation and Bylaws of the Company. Neither the Articles of Incorporation nor the Bylaws were amended during the period being examined.

The minutes of the meetings of the Stockholders and Board of Directors were also reviewed for the period under examination. The minutes appeared to properly document and approve applicable corporate events and transactions. It was noted that the examination report as of December 31, 1999, was reviewed and accepted by the Company's Board of Directors.

Acquisitions, Mergers, and Major Corporate Events

None.

Surplus Debentures

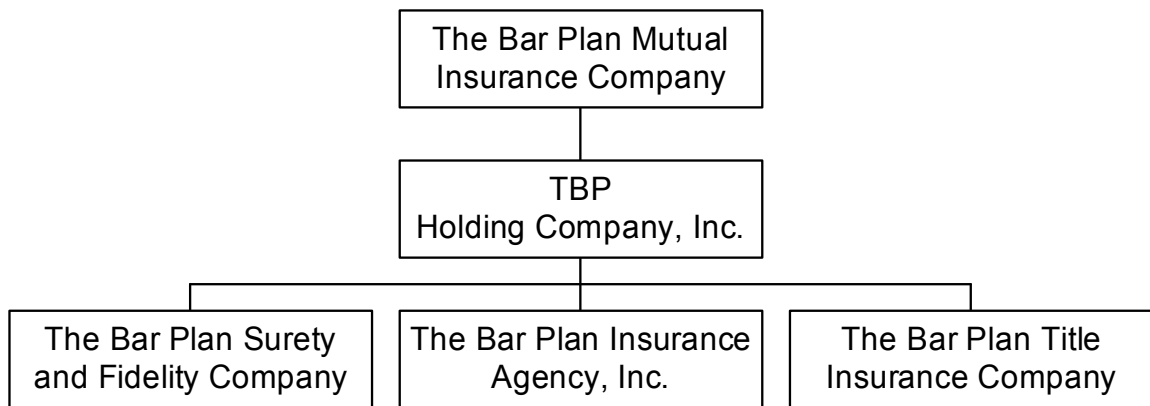
None.

AFFILIATED COMPANIES**Holding Company, Subsidiaries and Affiliates**

On December 31, 2002, the Company was a member of an Insurance Holding Company System as defined in Section 382.010 RSMo (Definitions). The ultimate controlling person of the Insurance Holding Company System was The Bar Plan Mutual Insurance Company, a Missouri domiciled property and casualty insurer.

Organizational Chart

The following organizational chart depicts the Insurance Holding Company System as of December 31, 2002. All entities are organized in Missouri and all subsidiaries are wholly owned.



On December 31, 2003, TBP Holding Company, Inc. sold all the outstanding common stock of The Bar Plan Title Insurance Company to Reliant Holding Company of Prairie Village, Kansas. At that time, The Bar Plan Title Insurance Company changed its name to Guarantee Title Insurance Company.

Intercompany Transactions

Administrative and Management Services Agreement

Under an Administrative Services Agreement dated April 8, 1997, The Bar Plan Mutual Insurance Company agrees to provide sufficient staff and other resources to perform the general administrative tasks of Guarantee Title Insurance Company for compensation of \$7,500 per month. The Company paid \$90,000 per year in 2000, 2001 and 2002 for services received under the agreement.

Risk Management and Marketing Services Agreement

Under a Risk Management and Marketing Services Agreement dated April 8, 1997, Guarantee Title Insurance Company agrees to provide sufficient staff to perform the general risk management and marketing services required by The Bar Plan Mutual Insurance Company relating to the insurance business conducted by The Bar Plan Mutual Insurance Company for compensation of \$7,500 per month. The Company received payment of \$90,000 per year in 2000, 2001 and 2002 under the agreement.

Claim Services Agreement

Under a Claim Services Agreement, The Bar Plan Mutual Insurance Company agrees to provide sufficient staff and other resources to perform claims management services for the Company for compensation at the rate of \$75 per hour. The Company paid \$803 in 2001 and \$473 in 2002 under the agreement.

Tax Allocation Agreement

The Bar Plan Mutual Insurance Company and its subsidiaries entered into a Tax Allocation Agreement under which the parties agree to file consolidated Federal Income Tax Returns for 1995 and each subsequent tax period for which a consolidated return is required or permitted. The consolidated tax liability for each year shall be apportioned among the parties in accordance with the ratio, which that portion of the consolidated taxable income attributable to each party having taxable income bears to the consolidated taxable income.

FIDELITY BOND AND OTHER INSURANCE

The Company is insured under an office package policy that includes crime coverage (Form A – Employee Dishonesty) with limits of \$500,000 and a deductible of \$250 per loss. This coverage complies with the suggested minimum amount of fidelity insurance according to the NAIC guidelines.

The Company is also insured under the following coverages:

- Workers' Compensation and Employers Liability
- Commercial General Liability including Umbrella
- Building including Accounts Receivable, Valuable Papers, Computer Equipment, Data & Media, Loss of Income & Extra Expense, Duplicate and Backup Data/Media, Fine Arts and Transit
- Commercial Automobile
- Employment Practices Liability
- Directors and Officers Liability
- Insurance Company Professional Liability

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company provides typical employee benefits including a group health plan, a group dental plan, group life insurance, short and long term disability and a profit sharing and 401(k) savings plan. The financial statements include provision for the Company's obligations under such plans.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the Missouri Department of Insurance as of December 31, 2002, as reflected below, were sufficient in market value to meet the deposit requirement for the state of Missouri in accordance with Section 381.051 RSMo (Deposits).

<u>Security</u>	<u>Par Value</u>	<u>Market Value</u>	<u>Statement Value</u>
US Treasury Note	<u>\$ 500,000</u>	<u>\$ 525,780</u>	<u>\$ 497,313</u>

Deposits with Other States

The Company did not have funds on deposit with any other states as of December 31, 2002.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operations

The Company is licensed in Missouri under Chapter 381 RSMo (Title Insurance Law) to write title insurance. The Company is also licensed in Kansas but has not written any business in that state.

The Company has appointed approximately 100 law firms with about 125 attorneys to write title insurance in Missouri.

Policy Forms & Underwriting; Advertising & Sales Material and Treatment of Policyholders

The Missouri Department of Insurance has a Market Conduct staff that performs a review of these issues and generates a separate market conduct report. The Department has not performed a market conduct examination of the Company's operation.

REINSURANCE

General

Premiums written during the period under examination were as follows:

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Direct	\$ 337,991	\$ 446,427	\$ 508,233
Reinsurance Assumed	-	-	-
Reinsurance Ceded	<u>23,812</u>	<u>33,776</u>	<u>45,958</u>
Net Premiums	<u>\$ 314,179</u>	<u>\$ 412,651</u>	<u>\$ 462,275</u>

Assumed

The Company did not assume any reinsurance during the period under examination.

Ceded

Under a reinsurance agreement effective May 1, 1997, the Company cedes the risk in excess of \$175,000 on each and every policy. Any policy in excess of \$10,000,000 must be submitted to the reinsurer for approval prior to issuance.

ACCOUNTS AND RECORDS

The Company's financial statements for 2002 were audited by PricewaterhouseCoopers LLP, Certified Public Accountants. The Company requested and the Missouri Department of Insurance granted the Company an exemption from filing audited financial statements for 2000 and 2001 under the small company guidelines outlined in the annual statement instructions.

The Company was also granted an exemption from filing actuarial opinions for the years under examination.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Company as of December 31, 2002, and the results of operations for the year then ended. Any examination adjustments to the amounts reported in the annual statement and/or comments regarding such are made in the "Notes to the Financial Statements," which follow the Financial Statements.

There may have been additional differences found in the course of this examination, which are not shown in the "Notes to the Financial Statements." These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual annual statement item.

ASSETS

	<u>Assets</u>	<u>Assets Not Admitted</u>	<u>Net Admitted Assets</u>
Bonds	\$ 1,068,693	\$ -	\$ 1,068,693
Cash and short-term investments	1,072,686	-	1,072,686
Title insurance premiums and fees receivable	28,804	-	28,804
Federal income tax recoverable (including \$8,929 net deferred tax asset)	120,156	-	120,156
Electronic data processing equipment and software	1,847	1,847	-
Interest, dividends and real estate income due and accrued	22,372	-	22,372
MTD reports receivable	15,388	-	15,388
Cash value of life insurance	<u>11,911</u>	<u>-</u>	<u>11,911</u>
Totals	<u>\$ 2,341,857</u>	<u>\$ 1,847</u>	<u>\$ 2,340,010</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Known claims reserve	\$ 55,850
Statutory premium reserve	183,057
Other expenses	30,162
Taxes, licenses and fees	1,430
Premiums and other consideration received in advance	3,514
Payable to parent, subsidiaries and affiliates	86,119
Defalcation payable	<u>541,749</u>
Total liabilities	901,881
Common capital stock	\$ 750,000
Gross paid in and contributed surplus	1,260,069
Unassigned funds	<u>(571,940)</u>
Surplus as regards policyholders	1,438,129
Totals	<u><u>\$ 2,340,010</u></u>

STATEMENT OF INCOME

Title insurance premiums earned	\$ 410,309
Losses and loss adjustment expenses incurred	66,329
Operating expenses incurred	698,217
Defalcation	<u>150,000</u>
Total operating deductions	914,546
Net operating gain (loss)	(504,237)
Net investment income earned	81,594
Net realized capital gain or (losses)	<u>14,319</u>
Net investment gain (loss)	95,913
Risk management income	<u>90,000</u>
Net income before dividends to policyholders and before federal and foreign income taxes	(318,324)
Federal and foreign income taxes incurred	<u>(103,782)</u>
Net income	<u><u>\$ (214,542)</u></u>

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, beginning of year	\$ 1,649,734
Net income	(214,542)
Change in net deferred income tax	2,929
Change in nonadmitted assets	1,231
Extraordinary amounts of taxes for prior years	<u>(1,223)</u>
Change in surplus as regards policyholders for the year	(211,605)
Surplus as regards policyholders, end of year	<u><u>\$ 1,438,129</u></u>

EXAMINATION CHANGES

None.

NOTES TO FINANCIAL STATEMENTS

None.

GENERAL COMMENTS AND/OR RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

On December 31, 2003, TBP Holding Company, Inc. sold all the outstanding common stock of The Bar Plan Title Insurance Company to Reliant Holding Company of Prairie Village, Kansas. At that time, Reliant Holding Company contributed \$150,000 to the Company's surplus and changed its name to Guarantee Title Insurance Company.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Guarantee Title Insurance Company during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Art Palmer, examiner for the Missouri Department of Insurance, participated in this examination.

VERIFICATION

State of Missouri)
) ss
County of Cole)

I, Walter A. Riesenberg, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records or other documents of the Company, its agents or other persons examined or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Walter A. Riesenberg, CFE
Examiner-in-Charge
Missouri Department of Insurance

Sworn to and subscribed before me this ____ day of _____.
My commission expires:

Notary Public

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

J. Douglas Conley, CFE, FLMI, CIE, AIAF, ARe
Audit Manager, St. Louis
Missouri Department of Insurance